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DEPARTMENT FOR AF/EX AND AF/E

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TAGS: [FAIR](#) [ECON](#) [PGOV](#) [PREL](#) [ER](#)
SUBJECT: ERITREA'S NASAIR STRUGGLING TO TAKE FLIGHT

Classified By: Ambassador Ronald K. McMullen for reason 1.4(d)

¶1. (C) SUMMARY: Nasair, a privately owned Eritrean airline, is gamely attempting to succeed amid Eritrea's atrophying economy. With no aviation fuel available in Asmara and almost no tourist or business travelers, the deck appears stacked against Nasair, which is putting the final touches on a three-year lease-to-buy contract with Miami's ILFC for a used Boeing 767. Nasair may manage to stay afloat via nefarious air cargo charters in the region. END SUMMARY.

¶2. (C) THE UNFRIENDLY SKIES OF ERITREA

With Saudi Arabia Airlines halting flights to Eritrea last year, Eritrean Airlines perhaps down for the count, and the three remaining international carriers (Yemenia, Egypt Air, and Lufthansa) all complaining loudly about regime restrictions and growing mountains of unconvertible Nafka, now seems an inauspicious time for any airline to be expanding. Yet Nasair, a private company owned by an Eritrean businessman resident in Dubai, is planning to expand its flight network and fleet in the coming year. With almost no business or tourist travelers, Asmara's main air traffic seems to be people heading overseas for shopping or medical care, lucky Diasporans visiting their poor relatives, or folks illegally emigrating from Eritrea. The Yemenia manager tells us, "We sell a lot of round-trip tickets that only get half used."

¶3. (C) BOEING 767 AND NEW ROUTES TO EUROPE

Nasair Manager Berhane Mehre told emboff April 27 that the airline plans to expand into Europe in 2009, adding London's Gatwick (via Cairo) and Milan (via Rome) to current destinations of Jeddah, Khartoum, Dubai, and Nairobi. These new routes are contingent on Nasair's acquisition of a refurbished Boeing 767 owned by Miami-based ILFC. According to Berhane, Nasair plans to dry lease (with an option to buy) a former Air Seychelles Boeing 767 that has seen 12 years of service. The aircraft is currently being repainted in Nasair's colors. Once (if) it passes Eritrean civil aviation inspection, the 767 will join Nasair's aging 737-200 as the passenger portion of the company's fleet. The 737-200 is maintained out of Sharjah, according to Berhane, but Nasair keeps four Ukrainian and Kazakh mechanics on hand in Asmara. Several foreign aviation experts judge cut-rate Nasair to be unsafe. "What's more important, your money or your life?" one foreign airline manager mused.

¶4. (C) ERITREAN AIRLINES MORTALLY ILL?

Berhane claims Eritrean Airlines, the country's national airline, does not have the hard currency to pay for the major overhaul needed to keep its sole 767 operational. Eritrean Airlines, like all others serving Asmara, is required to sell tickets to Eritreans for unconvertible Nakfa. Since very few non-Eritreans fly Eritrean Airlines, it has almost no foreign currency. The aircraft has been flown to Israel, Berhane says, where it was scheduled to undergo a thorough refurbishment, but apparently the government of Eritrea will not release scarce foreign currency to allow the airline to pay the Israeli repair firm. In lieu of payment the Israeli company may seize and resell the aircraft, Berhane opined, thereby reducing competition among airlines serving Asmara.

15. (C) SHADY CARGO CHARTERS

Nasair also has two other aircraft, an IL-76 cargo plane currently in Thailand, Berhane said, that is regularly chartered for air freight "in the Gulf and elsewhere in the region." Post does not know whether or not Nasair's IL-76 is the aircraft of the same model that has been reported to have run contraband into Somalia. The third aircraft in the Nasair fleet is of unknown type and is "leased to a group in Chad," Berhane, suddenly vague, stated.

16. (C) COMMENT: With Lufthansa attempting to fend off a nasty attack by the government of Eritrea on its station manager and both Egypt Air and Yemenia drowning in nearly worthless Nakfa, Nasair is oddly optimistic. Its chairman is a close friend of President Isaias, who sometimes uses the Nasair 737 for presidential trips when he can't wrangle a Qatari Airlines plane from the Amir of Qatar. Clearly, something other than straightforward economics is involved with Nasair's calculations. END COMMENT.

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